3/15/19 1:45 P.M.

Chapter No. 321
19/HR26/R936
LL / CB

HOUSE BILL NO. 694

Originated in House _____ Clerk

HOUSE BILL NO. 694

AN ACT TO REENACT SECTIONS 27-7-22.7 AND 27-7-22.9, MISSISSIPPI CODE OF 1972, WHICH PROVIDE AN INCOME TAX CREDIT FOR INCOME TAXPAYERS THAT USE PORT FACILITIES AT STATE, COUNTY AND MUNICIPAL PORTS FOR THE EXPORT OF CARGO AND REQUIRE THE MISSISSIPPI DEVELOPMENT AUTHORITY TO REPORT ANNUALLY TO THE LEGISLATURE REGARDING THE IMPACT OF SUCH TAX CREDIT; TO AMEND SECTION 4, CHAPTER 492, LAWS OF 1994, AS LAST AMENDED BY SECTION 3, CHAPTER 335, LAWS OF 2016, TO EXTEND THE DATE OF THE REPEALER ON SECTIONS 27-7-22.7 AND 27-7-22.9, MISSISSIPPI CODE OF 1972; TO REENACT SECTION 27-7-22.25, MISSISSIPPI CODE OF 1972, WHICH PROVIDES AN INCOME TAX CREDIT FOR CERTAIN TAXPAYERS THAT USE THE AIRPORT FACILITIES AT PUBLIC AIRPORTS FOR CERTAIN CHARGES PAID BY THE TAXPAYER ON THE EXPORT OR IMPORT OF CARGO; TO AMEND REENACTED SECTION 27-7-22.25, MISSISSIPPI CODE OF 1972; TO EXTEND THE DATE OF THE REPEALER ON THAT SECTION; TO REENACT SECTION 27-7-22.26, MISSISSIPPI CODE OF 1972, WHICH REQUIRES THE MISSISSIPPI DEVELOPMENT AUTHORITY TO REPORT ANNUALLY TO THE LEGISLATURE REGARDING THE IMPACT OF SUCH INCOME TAX CREDIT; TO AMEND SECTION 3, CHAPTER 442, LAWS OF 2005, AS LAST AMENDED BY SECTION 6, CHAPTER 335, LAWS OF 2016, TO EXTEND THE DATE OF THE REPEALER ON SECTIONS 27-7-22.25 AND 27-7-22.26, MISSISSIPPI CODE OF 1972; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. Section 27-7-22.7, Mississippi Code of 1972, is reenacted as follows:

27-7-22.7. (1) As used in this section, the term "port" means a state, county or municipal port or harbor established pursuant to Sections 59-5-1 through 59-5-69, Sections 59-7-1 through 59-7-519, Sections 59-9-1 through 59-9-85 or Sections 59-11-1 through 59-11-7.

(2) For any income taxpayer utilizing the port facilities at any port for the export of cargo that is loaded on a carrier calling at any such port, a credit against the taxes imposed pursuant to this chapter shall be allowed in the amounts provided in this section.

(3) Except as otherwise provided by subsection (5) of this section, the amount of the credit allowed pursuant to this section shall be the total of the following charges on export cargo paid by the corporation:

(a) Receiving into the port;

(b) Handling to a vessel; and

(c) Wharfage.

(4) The credit provided for in this section shall not exceed fifty percent (50%) of the amount of tax imposed upon the taxpayer for the taxable year reduced by the sum of all other credits allowable to such taxpayer under this chapter, except credit for tax payments made by or on behalf of the taxpayer. Any unused portion of the credit may be carried forward for the succeeding five (5) years. The maximum cumulative credit that may be claimed by a taxpayer pursuant to this section and for the period of time

beginning on January 1, 1994, and ending on December 31, 2005, is limited to One Million Two Hundred Thousand Dollars ($1,200,000.00).

(5) To obtain the credit provided for in this section, a taxpayer must provide to the Department of Revenue a statement from the governing authority of the port certifying the amount of charges paid by the taxpayer for which a credit is claimed and any other information required by the Department of Revenue.

(6) The purpose of the tax credit provided for in this section is to promote the increased use of ports and related facilities in this state, particularly by those taxpayers which would not otherwise use such ports and related facilities without the benefit of such tax credit, and increase the number of port related jobs and other economic development benefits associated with the increased use of such ports and related facilities. It is the intent of the Legislature that in determining whether or not such tax credit will be continued in future years, the attainment of the purposes set forth in this subsection must be demonstrated by the material contained in the reports prepared by the Mississippi Development Authority under Section 27-7-22.9.

SECTION 2. Section 27-7-22.9, Mississippi Code of 1972, is reenacted as follows:

27-7-22.9. The Mississippi Development Authority shall report annually to the Legislature regarding the impact of the credit granted in Section 27-7-22.7 on shipping and economic

growth. Each report shall show the overall annual increase on shipping at each port for the most recent year for which data is available and for each of the previous five (5) years. Each report shall estimate the number of jobs created or retained at each port and in businesses related to port activity at each port since January 1, 1994, as compared to the number of similar jobs created during the ten (10) years preceding January 1, 1994. Each report shall state the net economic impact on the state as a result of the tax credit provided for in Section 27-7-22.7. The Mississippi Development Authority shall file a copy of the report with the Governor, the Secretary of the Senate, the Clerk of the House of Representatives and the Chairmen of the House Ways and Means Committee and the Senate Finance Committee of the Legislature on May 1 of each year. The Department of Revenue and all state, county and municipal ports shall cooperate with the Mississippi Development Authority in providing the information required in the annual reports.

SECTION 3. Section 4, Chapter 492, Laws of 1994, as amended by Section 3, Chapter 548, Laws of 1998, as amended by Section 3, Chapter 537, Laws of 2002, as amended by Section 3, Chapter 457, Laws of 2005, as amended by Section 3, Chapter 322, Laws of 2009, as amended by Section 3, Chapter 377, Laws of 2012, as amended by Section 3, Chapter 335, Laws of 2016, is amended as follows:

Section 4. This act shall take effect and be in force from and after January 1, 1994, and shall stand repealed from and after December 31, * * * 2022.

SECTION 4. Section 27-7-22.25, Mississippi Code of 1972, is reenacted and amended as follows:

27-7-22.25. (1) As used in this section, the term "airport" means an airport established pursuant to Chapters 3 and 5, Title 61, Mississippi Code of 1972.

(2) Subject to the provisions of this section, for any income taxpayer utilizing the facilities at any airport for the export or import of cargo that is unloaded from a carrier at any such airport, a credit against the taxes imposed pursuant to this chapter shall be allowed in the amounts provided in this section. In order to be eligible for the credit authorized under this section, a taxpayer must locate its United States headquarters in Mississippi on or after July 1, 2005, employ at least five (5) new permanent full-time employees who actually work at such headquarters and, after July 1, 2005, invest a minimum of Two Million Dollars ($2,000,000.00), in the aggregate, in real property and/or personal property in Mississippi. For the purposes of this section, "full-time employee" shall mean an employee who works at least thirty-five (35) hours per week.

(3) Except as otherwise provided by subsection (4) of this section, the amount of the credit allowed pursuant to this section

shall be the total of the following charges on import or export of cargo paid by the corporation:

(a) Receiving into the airport;

(b) Aircraft marshalling or handling fees; and

(c) Aircraft landing fees.

(4) The credit provided for in this section shall not exceed fifty percent (50%) of the amount of tax imposed upon the taxpayer for the taxable year reduced by the sum of all other credits allowable to such taxpayer under this chapter, except credit for tax payments made by or on behalf of the taxpayer. Any unused portion of the credit may be carried forward for the succeeding five (5) years. The maximum cumulative credit that may be claimed by a taxpayer under this section is limited to One Million Dollars ($1,000,000.00) if the taxpayer employs at least five (5), but not more than twenty-five (25) permanent full-time employees at its headquarters in Mississippi; Two Million Dollars ($2,000,000.00) if the taxpayer employs more than twenty-five (25), but not more than one hundred (100) permanent full-time employees at its headquarters in Mississippi; Three Million Dollars ($3,000,000.00) if the taxpayer employs more than one hundred (100), but not more than two hundred (200) permanent full-time employees at its headquarters in Mississippi; and Four Million Dollars ($4,000,000.00) if the taxpayer employs more than two hundred (200) permanent full-time employees at its headquarters in Mississippi.

(5) To obtain the credit provided for in this section, a taxpayer must provide to the Department of Revenue a statement from the governing authority of the airport certifying the amount of charges paid by the taxpayer for which a credit is claimed and any other information required by the Department of Revenue.

(6) Any taxpayer who is eligible, before July 1, * * * 2022, for the credit provided for in this section, shall remain eligible for such credit after July 1, * * * 2022, notwithstanding the repeal of this section.

SECTION 5. Section 27-7-22.26, Mississippi Code of 1972, is reenacted as follows:

27-7-22.26. The Mississippi Development Authority shall report annually to the Legislature regarding the impact of the credit granted in Section 27-7-22.25 on shipping and economic growth. Each report shall show the overall annual increase in shipping at each airport for the most recent year for which data is available and for each of the previous five (5) years. Each report shall estimate the number of jobs created or retained at each airport and in businesses related to airport activity at each airport since January 1, 2006, as compared to the number of similar jobs created during the ten (10) years preceding January 1, 2006. Each report shall state the net economic impact on the state as a result of the tax credit provided for in Section 27-7-22.25. The Mississippi Development Authority shall file a copy of the report with the Governor, the Secretary of the Senate,

the Clerk of the House of Representatives and the Chairmen of the House Ways and Means Committee and the Senate Finance Committee of the Legislature on May 1 of each year. The Department of Revenue and all state, regional, county and municipal airports shall cooperate with the Mississippi Development Authority in providing the information required in the annual reports.

SECTION 6. Section 3, Chapter 442, Laws of 2005, as amended by Section 3, Chapter 519, Laws of 2007, as amended by Section 3, Chapter 323, Laws of 2009, as amended by Section 6, Chapter 377, Laws of 2012, as amended by Section 6, Chapter 335, Laws of 2016, is amended as follows:

Section 3. Sections 1 and 2 of this act shall stand repealed from and after July 1, * * * 2022.

SECTION 7. This act shall take effect and be in force from and after July 1, 2019.

PASSED BY THE HOUSE OF REPRESENTATIVES
February 4, 2019

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PASSED BY THE SENATE
March 6, 2019

PRESIDENT OF THE SENATE

APPROVED BY THE GOVERNOR

GOVERNOR

March 15, 2019
1:45pm